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The Washington Merry-Go-Round

Insurance Firm Got Dodd Aid for Check

By Drew Pearson
And Jack Anderson

This column has reported that Sen. Tom Dodd (D-Conn.), after being entrusted by the Senate in 1962 with investigating the insurance industry, suddenly stopped paying his insurance premiums and began recommending friends to insurance companies for loans. He and his law firm actually collected fees and commissions on these loans.

Dodd also accepted free rides on a Travelers Insurance Company plane, and his son, Jeremy, was hired as an agent by Aetna Life and Casualty Company.

But there is still more to the story.

In 1962, Dodd also intervened with the Connecticut Insurance Commissioner to arrange for Bankers Life and Casualty Company to do business in the State. For pulling the right strings, he collected \$5000 from Brundage and Short, the Chicago law firm which represented Bankers Life and Casualty.

Only a month after he wrote to the Commissioner, Dodd was able to report to attorney Charles Short on July 17, 1962: "The enclosed documents are self-explanatory. I am pleased that Bankers Life and Casualty Co. has been licensed to do business in Connecticut."

\$5000 Check Sent

Two days later, on July 19,

1962, Brundage and Short mailed the Senator check No. 18243 for \$5000.

Reached in Chicago, Short tried to deny the whole affair. First he claimed that Dodd had handled the matter before he became a Senator. When Short was reminded that Dodd had been elected to the Senate four years prior to his intervention for Bankers Life in 1962, he declared that Dodd had been unable to arrange the licensing.

Advised of the Senator's letter announcing his success in obtaining the license, Short insisted that Dodd had not been paid. When he was reminded of the \$5000 check, Short changed his denial to a claim that the \$5000 was a loan from his late partner, Howard Brundage, to Senator Dodd.

"Tom and Howard used to borrow money from one another," said Short.

"It was not a personal check," we pointed out. "Did Brundage use his firm's checking account to make personal loans?"

"I am not the slightest bit interested in you people," Short snapped. "So goodbye," And he hung up.

The Insurance Alibi

Meanwhile, three of the insurance companies have been trying to explain their relationship with the Senator who is supposed to investigate them.

A spokesman for Travelers

denied to the Hartford Times that Dodd had used the company plane. Nevertheless, the Senator's former aides recall that he flew in the Travelers plane at least half a dozen times.

Merritt McDonough, speaking for the Charles H. McDonough Sons insurance agency, also told the Hartford Times that Dodd had neglected to pay his back insurance premiums because his bookkeeper didn't show him the bill. Not until the accountant left the payroll, claimed McDonough, did Dodd discover he owed \$3403.37 in premiums dating back in 1962.

Insurance Denials

But Dodd's accountant tells a different story. He states that he called the unpaid insurance premiums to the Senator's attention several times, but that Dodd merely shrugged off the burgeoning bill. He started to pay his back premiums in December, 1965—after he learned this column was investigating his misconduct.

Buist Anderson of Connecticut General and Millard Bartels of Travelers, both vice presidents, admitted to this column that Dodd had sent friends to see them about loans. They insisted that the applications were judged strictly on their merits, ignoring the fact that Dodd was supposed to be investigating them, not recommending friends to them for loans.

While we do not accept these denials, we do want to correct an error regarding our report that insurance companies had collected \$260 billion during a 20-year period but had paid out less than \$90 billion in living and death benefits. The Institute of Life Insurance points out that \$73 billion of the total \$260 billion intake came not from premiums but other investments.

Benefits Paid

It also states that the correct outlay during the 20-year period is \$74 billion for living benefits, \$39 billion for death benefits, and \$18 billion in other payments to policyholders, or a total of \$131 billion, not \$90 billion.

This column also quoted William C. Smerling of Connecticut General as telling insurance managers that the life insurance public had been "ravaged, raped, and defrauded" by the insurance companies.

In fairness to Mr. Smerling, it should be noted that, though he was correctly quoted, his remarks were aimed at those salesmen who offer rebates to make sales, persuade customers to cash in old policies to pay for less valuable new policies, and charge excessive commissions. He was not criticizing the majority of insurance salesmen.

We are happy to make these corrections.

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